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WORLD COFFEE CROP FOR 1980/81 UP marginally from initial estimate

SUMMARY

The second USDA estimate of the 1980/81 world coffee crop (total production) is 80.1 million bags (60 kilograms each). This is 500,000 bags larger than the first estimate of total output, and virtually unchanged from the current estimate for 1979/80. (Based on past performance the chances are two out of three that this second estimate of total production will not vary more than 2.9 percent from the final outturn for the year).

Exportable production, which represents total harvested production less domestic consumption in producing countries, is estimated at 60.2 million bags, down from 60.6 million bags in 1979/80.

Total production in North America is largely unchanged except for El Salvador where the harvest could be larger if there is no flareup in domestic hostilities. The estimate for Guatemala has been lowered by 100,000 bags. South American production is up 350,000 bags, largely because of a 500,000 bag upward adjustment in the minimum harvest expected from Brazil, which was not offset by a 165,000-bag drop in the estimate for Peru.

Africa is unchanged except for a 100,000 bag downward adjustment in the estimate for Angola. In Asia the Philippine production estimate was raised by 50,000 bags.

PRODUCTION

North America

Production of coffee in North America in 1980/81 is estimated at 14.9 million bags, with exportable production at 11.4 million bags. Total production is up nearly 200,000 bags from the first estimate. It is also slightly larger than the 1979/80 outturn, but more than 1 million bags below

the current estimate for 1978/79. Exportable production in 1980/81 is up 2 percent from the first estimate, mainly because of a 300,000-bag increase in the production estimate for El Salvador, which more than offset the 100,000 bag drop for Guatemala.

Definitive information on the damage caused the Haitian 1980/81 coffee crop by hurrican Allen was not available at the time production and exportable production figures for the second USDA estimate were released. New information warrants a reduction of at least 70,000 bags, to possibly as much as 100,000 bags from the levels indicated. Revised estimates will appear in the third series of USDA estimates.

Costa Rica's 1980/81 crop is still estimated at a record 1.88 million bags, about 25 percent above the 1.5-million bag level for 1979/80.

Export contracts for the 1979/80 crop, through July 15, are reported at 68,140 metric tons (1,135,894 bags), valued at \$241.5 million, or \$3.54 per kilogram. As of the same date last year, 84,608 tons (1,410,415 bags) valued at \$222.5 million, or \$2.63 per kilogram, were under contract for export. Coffee registrations for the 1979/80 crop ended on August 31, after which registration of the 1980/81 crop took place. Export contracts for the 1980/81 crop, through July 15, are reported by the Coffee Office at 4,245 tons (70,764 bags) at an average value of \$3.39 per kilo. Also as of July 15, some 136,494 bags of green coffee had been sold at auction for domestic consumption.

The auction price for green coffee sold for domestic consumption during the October 1, 1979-July 15, 1980 period averaged 9.3 colones per kilo (49 U.S. cents/lb), compared with 8.6 colones per kilo during a similar period a year earlier.

Because of the important role coffee plays in the overall economy of Costa Rica, and the record crop anticipated, the President of Costa Rica appealed to the Costa Rican 4-H clubs and to all school-age children to combine forces to collect 100 percent of this year's crop. Up to 10 percent of last year's crop was left on the trees because harvest labor was unavailable. As a result of the President's appeal, the Ministry of Education announced that the nation's high schools would terminate classes early this year so that students could harvest the coffee crop in October when the coffee picking season begins.

El Salvador's coffee production estimate has been raised to 2.1 million bags based on some decline in civilian unrest and indications that weather conditions earlier this year did not reduce the harvest as much as had been believed. In general the feeling is that a fairly large crop exists and the more important questions are whether it will be harvested and moved through the marketing system.

Investment uncertainty is the major factor that affects El Salvador's future as a major Central American coffee producer. Whether the climate for investment improves or deteriorates will largely be determined by how the Land Reform Program affecting land holdings between 100 and 499 hectares is implemented. It is estimated that some 70 to 80 percent of the country's coffee crop is produced on land holdings within this range.

The current lack of attention to field work, failure to fertilize, prune and carry out other activities necessary to keep coffee trees in optimum condition, along with the rust problem, could seriously affect the 1980/81 harvest, even if the internal political climate improves.

The Instituto Nacional de Cafe' (INCAFE) reported about 1.5 million bags of coffee exported from the 1979/80 crop by July 1. As part of Pancafe's efforts to shore up international coffee prices, El Salvador suspended coffee export sales in July.

INCAFE (The National Coffee Institute) also suspended domestic purchases for a period of time. Approximately 200,000 bags are now consumed internally. Domestic prices have moved down in recent months in line with the trend in international prices.

Production in Guatemala in 1980/81 has been revised downward from the first estimate of 2.7 million bags, by 100,000 bags, to 2.6 million bags. Because weather conditions were less than ideal the highland coffee did not bloom as heavily as expected in early 1980, thus lower yields are now forecast for this area.

The 1979/80 crop production estimate for Guatemala has also been raised to 2.65 million bags to include some 100,000 bags not accounted for previously.

According to the Coffee Grower's Association (ANACAFE), Guatemala shipped 1,139,712 bags of coffee during the first 6 months of calendar 1980, including the green bean equivalent (GBE) of 866 bags of soluble coffee.

Exports from the October 1, 1980/September 30, 1981 crop are forecast at 2.3 million bags, down 25,000 bags from the 1979/80 level. Exports from the 1979/80 crop resulted in foreign exchange earnings of \$419.4 million, the equivalent of \$1.69 per pound.

Domestic consumption for 1980/81 is estimated at 325,000 bags, 10,000 bags above the level for 1979/80.

The Guatemalan Government through ANACAFE has maintained a close watch for any signs of coffee rust entering the country from El Salvador. Should it become necessary to replant with rust resistant varieties, it would take from 8 to 10 years to regain the present level of production. Small numbers of the Caturra cross named CATUAI are being propagated since it has shown resistance against the strain of rust affecting El Salvador and Nicaragua. However, because of the high cost of replacement planting producers will not plant the new varieties until they becomes absolutely necessary.

Coffee producers and exporters have always been unhappy over the Government's policy of taxing coffee exports at 45 percent of the f.o.b. export price in excess of \$0.50 per pound. This issue has now become even more controversial since the new minimum wage law raises labor costs 210 percent over the level of the old law. Producers have indicated the present world price level does not cover production costs after export taxes are

paid. At the same time the Government does not want to give in to producer demands because coffee export taxes are the principal source of revenue for the large social and infrastructural development programs it has undertaken. Many of the small and medium sized-producers are withholding their coffee until the tax issue is resolved.

The damage caused Haiti's 1980/81 coffee crop by hurricane Allen was unknown when the second FAS estimate for the year was released. However, present indications are that the estimate should be about 485,000 bags, down 150,000 bags from 1979/80 harvest, which was regarded as the best in several years. Due to the mountainous terrain in which Haitian coffee is grown the pattern of damage to the crop was irregular.

According to available information, coffee is grown on roughly 144,000 hectares (16 percent of total cultivated area) and provides income for about one-third of the total population. Haitian yields are among the lowest in the world at between 230 and 270 kilograms per hectare.

Coffee remains Haiti's most valuable export crop, reportedly generating 80 percent of the country's agricultural export earnings and 40 percent of total earnings from all sources. In 1979/80, exports totaling about 425,000 bags were valued in excess of \$85 million, which yielded the Government a tax revenue in the \$21-\$22 million range. Exports of coffee are not expected to exceed 275,000 bags during 1980/81, and with much lower world prices, will substantially reduce foreign exchange earnings. A portion of Haiti's crop, which is not counted, moves illegally across the country's border to the Dominican Republic. The volume of traffic depends on such factors as the size of the harvest in the border area and tax advantages, but normally falls between 25,000 and 50,000 bags annually.

Despite a decline in anticipated production, domestic consumption is expected to rise slightly between 1979/80 and 1980/81, from 220,000 to 225,000 bags, as coffee becomes a substitute for other more expensive food and beverage items.

Primary obstacles to the development of the Haitian coffee industry are said to be (a) excessive taxation, (b) lack of technical and financial assistance, (c) weak rural infrastructure, (d) fragmentation of land holdings, and (e) lack of transportation. From 1950 to 1971 the producers share of the f.o.b. export price after taxes declined from 72 to 31 percent. In 1980 the producer share was 59 percent. While some technical and financial assistance has been supplied to farmers, a 1976 survey showed that only 3 percent of all growers used fertilizers, insecticides, and pesticides. Haitian inheritance laws require that property be divided equally among all male and female offspring. As a result, the size of coffee holdings and land holdings in general have been reduced far below optimum. In regard to infrastructure only 40 kilometers of the 940 kilometers of roads planned under a 1976 project have been completed. Truck transport for coffee is almost always in short supply once the crop is harvested.

Hurricane Allen caused damage estimated at over \$155.5 million to agricultural and tourist industries of Jamaica during August. Among the agricultural commodities affected was coffee. Best estimates place losses at about 10-15 percent of the 27,000-bag harvest projected for the 1980/81 crop year, including up to 60 percent of the Blue Mountain variety, a premium type sold almost entirely to Japan.

Mexico's coffee production in 1980/81 is still estimated at 3.7 million bags, 90,000 bags above the 1979/80 estimate. Most observers tend to discount concern over the quantity and quality of the crop in the State of Chiapas, the largest producing State in Mexico. The concern stems from complaints that sprays used by the Mexican Government, especially fumigation to combat the Mediterranean fruit fly, has damaged the coffee trees while not irradiating the fly. An even larger harvest is possible if weather conditions remain favorable.

While reliable information is unavailable, Government and private sector sources believe that about 350,000 hectares of land, mainly small plots in isolated mountainous regions of Mexico, contain about 450 million trees, and that these figures have changed very little over the past 10 years.

In early July, export registrations were closed by the Mexican Coffee Institute (INMECAFE) in an effort to bolster world coffee prices. Private companies had been unwilling to ship coffee since early June because of the declining international price against a fixed internal buying price. Therefore exports of 2.15 million bags for 1979/80 will fall far short of most earlier targets. They will probably increase to at least 2.5 million bags during 1980/81.

Internal prices for coffee are controlled in Mexico. The 4 percent increase in consumption expected between 1979/80 and 1980/81, from 1.25-1.3 million bags, is almost entirely the result of population growth and rising personal incomes.

Colombia's 1980/81 coffee harvest is conservatively estimated at 12.4 million bags, unchanged from the first FAS estimate for the year. The latest estimate for 1979/80 is 12.3 million bags, 100,000 bags over the previous estimate.

Based on preliminary estimates, coffee exports are placed at 9.0 million bags for the first 9 months of the current marketing year (October 1, 1979-June 30, 1980). This figure is 4.6 percent higher than for a similar period 1 year earlier. Until May 7 the Coffee Growers Federation (CGF) was the sole seller of Colombia coffee. Now private exporters are allowed to participate. Coffee exports for the entire year were projected at 11.1 million bags, about 1 million bags more than for 1980/81.

Exports of soluble coffee from October 1979 to May 1980 amounted to 55,000 bags, green bean equivalent.

On July 24, the National Coffee Committee, the supreme executive board on coffee policy, authorized a 12.5 percent increase in the price of the semi-roasted coffee the CGF sells local roasters. The previous price was 28.8 pesos (U.S. 60 cents) per kilo; the current price is 32.40 pesos (U.S. 68 cents) for the same quantity. Retail consumer prices were also raised from 26 to 30 pesos for 500 grams of roasted/ground coffee. The price increases are in line with the Government's efforts to reduce the subsidy for domestic consumption and thereby make contraband exports of domestic coffee less attractive.

The official producer price is still 8,732.50 pesos (US\$182.69) per 125 kilograms of parchment (unhulled) coffee. Nevertheless producers, afraid the Government will lower the domestic price in line with the trend in world coffee prices, are accepting less (8,075 to 8,233 pesos) with immediate payment. (Current exchange rate 47.8 pesos=US\$1).

According to the President of the National Association of Colombian Coffee Exporters, further expansion in Colombian coffee production will only be moderate after the rapid expansion of recent years. Most of the steps possible to mechanize production have already been taken. Secondly, Government credit for investment in modern methods of production is not as freely available as it was once. Other inhibiting factors include a shortage of skilled labor and increased labor and fertilizer costs.

Labor accounts for over 50 percent of production costs. Minimum hourly wages have risen by 169.2 percent since January 1977 while fertilizer costs are up 117.1 percent. Finally, many growers are burdened by rather high levels of debt. In order to help them through the crisis situation the coffee industry has asked for the elimination of the 16 percent import tax on inputs and an increase in the domestic price for coffee.

In Peru coffee production from the 1980/81 (April-March) harvest is now expected to total only 1.1 million bags, down 165,000 bags from the first estimate, following late and excessively heavy rains in the central and southern regions, and continued dry conditions in the north.

Coffee rust has now spread to many of Peru's coffee production areas. While damage from rust is not yet significant some producers are beginning to renovate old coffee plantations by planting such high-yielding varieties as Caturra, Pache and Mundo Novo. Because of their greater density, these varieties require more intense fertilization, better cultural practices, as well as pest and rust control measures. It is considered doubtful if the less efficient producers will be able to sustain the high production costs if world prices continue to decline.

Internal coffee consumption is expected to hold steady at about the 50,000-bag level of the past few years because of high internal prices and limited consumer purchasing power. Roasted/ground coffee in 225 gram bags is presently retailed at the equivalent of \$3.25 per kilogram while the 50 gram can of soluble sells for the equivalent of \$1.03. One year ago the prices were equivalent to \$2.28 and 86 cents, respectively.

Exports during April-March 1979/80, totaled 1,052,000 bags, 20 percent above those for 1978/79. Based on the expectation of a smaller harvest for the year, coffee exports are forecast to drop to 870,000 bags during 1980/81.

The primary activity of the Government in the coffee area at present is to educate farmers on how to carry out rust control as soon as the fungus is discovered. These efforts are coordinated between the Ministry of Agriculture, FENCOCAFE (National Federation of Coffee Cooperatives) and the Andean Pact.

In accordance with Peru's new constitution, monopolies were prohibited effective July 28, 1980. Presumably this will force a change in the foreign marketing of coffee, which before that time was handled by an export monopoly.

Africa

The second estimate of total coffee production for Africa in 1980/81 is 17.9 million bags with exportable production at 15.3 million bags. Except for Angola and Kenya all estimates remained unchanged from the first series for the year.

While weather favored a slight improvement in Ivory Coast coffee output between 1979/80 and 1980/81, a gradual decline in coffee production could have been expected based on the relatively lower incentives for coffee production than for cocoa production, combined with an aging tree population and farm labor shortages.

The coffee tree population in the country can be grouped as follows according to age:

<u>Years</u>	<u>Percentage of Population</u>
Under-5	8
5-15	31
16-25	33
Over 25	28

In order to eliminate the imbalance between coffee and cocoa the Government has decided to grant a subsidy for new coffee plantings of 30,000 CFA (205 CFA=US\$1) per hectare upon completion of planting and an additional 30,000 CFA per hectare a year later, provided the farmer has properly cared for the new trees in the interim. The subsidy will make the planting of new coffee acreages more attractive, but still not overcome the lower labor-cost advantage cocoa enjoys.

The problem of tree age is also being attacked by subsidizing replacement plantings. Over the next 7 years the Government plans to spend 1.64 billion CFA (US\$8 million) on this program. Officials believe that coffee production could be boosted by over 2 million bags if the program were carried out.

Some 300,000 to 500,000 bags of green coffee from the 1979/80 crop, which was withdrawn earlier from sale in anticipation of a Brazilian freeze, were still being withheld in August because of what the Government regarded as low world prices. It estimated that it cost the equivalent of about \$200 per 100 kg to place coffee in an export position (f.o.b.) against c.i.f values in European ports running at \$265 to \$290 per 100 kg. Sales from the 1980/81 crop were placed at only 150,000 to 300,000 bags.

Given the current outlook for world coffee prices it seems unlikely the 1979/80 producer guaranteed price of 150 CFA per kg for cherry coffee will be raised in 1980/81.

Kenya's 1980/81 coffee harvest is estimated at less than 1.2 million bags. The actual level will be determined by the pattern and intensity of rainfall over the pre-harvest period especially during March-May 1981. Drought conditions substantially reduced main crop flowering. Also, in some areas, the flower buds withered and dropped off.

During 1979/80, over 1.4 million bags of coffee were harvested from an estimated 92,000 hectares in production, an increase in output of nearly 200,000 bags from that of 1978/79. Part of the larger output was due to a 5,000 hectare expansion in the area harvested. The harvest was reported to be late, but yields high, especially among the large scale growers of Embu, Nyeri, Meru, and Murang.

Exports during 1979/80 (October-September) probably approached 1.4 million bags. As of July 15, shipments amounted to 1.2 million bags, including about 950,000 bags from the 1979/80 harvest and 250,000 from the 1978/79 harvest.

Exports were forecast at 1.25 million bags for 1980/81. A substantial amount of 1979/80 crop coffee will be exported during the first quarter of the 1980/81 season. West Germany, followed at some distance by the Netherlands, Italy, and the United Kingdom were Kenya's principal markets during 1979/80.

Over the past few years coffee sales have risen by an average of more than 3 percent annually even though the Kenya Coffee Board has continued its efforts to close the gap between national and export market prices by raising national prices. Retail prices for the popular "Kenya Coffee House Blend" have been raised twice in the past year--from 12.50 shillings (K Sh) per half kg to 15.40 and more recently to 16.70 (as of July 25, 1980 US\$1.00=K Sh 7.2329).

Government and Kenya Coffee Board officials have become concerned that agricultural chemicals imported to control coffee berry and other fungus diseases contain adulterants, especially lime. Since July 17, 1980, the import of all agricultural chemicals has required Ministry of Agriculture approval. Existing stocks of agricultural chemicals are to be tested and all new applications for imports are to be submitted to the Ministry of Agriculture at least 2 months in advance in order to allow the appropriate Ministry officials time to determine the need for the imports.

Asia and Oceania

Coffee production in Asia and Oceania is expected to total 8.6 million bags in 1980/81, up almost 170,000 bags from that of the preceding season, and 50,000 bags above the first estimate for the year. Exportable production estimates at 6.1 million bags were unchanged between 1979/80 and 1980/81.

Officials of the Philippine Coffee Growers Marketing Association (CGMAP) project the 1980/81 coffee outturn at about 10 percent above the 1979/80 level, extending a pattern underway for several years. The continued growth is owing to an expansion in area, increased tree density, and improved cultural practices including the increased use of fertilizer and chemical controls for diseases and insects.

The Robusta variety constitutes about 90 percent of the coffee grown in the Philippines. Mindanao--where the largest concentration of new plantings exists--now produces about 60 percent of the country's coffee.

The number of coffee trees in the Philippines is unofficially estimated at 94.5 million on 93,500 hectares for 1979/80, up from revised figures of 83.5 million on 89,000 hectares for the previous year. Most of the new plantings are being made in old coffee areas. Many more trees are planted in the replaced areas than were there previously. In 1979/80 the average density of newly planted areas was slightly above 1,000 trees/hectare.

Exports in 1978/79 totalled 252,000 bags including 240,000 bags of green coffee and 12,000 bags of soluble (green bean equivalent). For 1979/80, exports were forecast at 320,000 bags. Green coffee exports to the United States have increased sharply since 1976/77 and it is now the Philippines most important market. The United States took 132,000 bags, or 72 percent of the country's total exports for the first 7 months of 1978/79. Singapore was second, receiving 25,900 bags or 14 percent.

Domestic consumption was expected to rise by 8.9 percent between 1978/79 and 1979/80, or from 358,000 bags to 390,000 bags because of a growing population and coffee prices that have become relatively more attractive compared with most other food and beverage items.

The Government Development Bank (DBP) has amended its program of special financing for coffee. Previous loan ceilings of ₱2,000 have been increased to ₱8,800 per hectare for projects where seedlings are purchased for direct transplant on plots of 15 hectares or less. The maximum for projects of 15 hectares or less on which the landowners intend to establish their own nurseries is ₱8,200. Owners of projects covering 15 to 50 hectares, which have their own nurseries, are to receive ₱9,200 per hectare. For projects involving more than 50 hectares, the amount of the loan will be based on actual need. The DBP has set aside ₱44 million to be released over an 8-year period (1980-1988) to cover the costs of the amended program.

The Philippines, the largest coffee-producing country remaining outside of the International Coffee Organization (ICO), has applied for membership. If accepted, it hopes to get an initial, annual export quota of up to 400,000 bags.

OTHER DEVELOPMENTS

New Coffee Export Quotas

On October 3, after nearly 3 weeks of discussion, coffee producers and consumers meeting in London approved a package of measures to support world coffee prices through the introduction of export quotas. The major element of the agreement is the establishment of a global export quota of 57.37 million 60-kilogram bags, effective for the 1980/81 coffee year beginning October 1, 1980, including 55.07 million for members entitled to a basic export quota, and 2.3 million for exporting members exempt from basic quotas.

Quotas are automatically adjusted pro rata to exporting members entitled to basic quotas subject to conditional declarations of short-falls at specified price levels based on a 20-day moving average of the composite indicator price. If the 20-day moving average indicator price falls below US\$1.35, 2.4 percent (equal to 1.4 million bags) of the coffee export stamps for the quarter of the coffee year will not be released except by decision of the Executive Board. Since the indicator price was below \$1.35 on October 3, a reduced quota of 56.0 million bags became effective immediately.

If the indicator price falls to \$1.20 per pound or less, export quotas are to be reduced by 1.4 million bags. There will be an additional 1.4-million bag cut if the indicator price level remains at or below \$1.20 per pound on an average for 20 consecutive days. A final reduction of 1.4 million bags will take place if prices fall to \$1.15 per pound. The cut is to be followed by an Executive Board meeting to review the market situation, and the operation of the system of quotas and of controls.

Quotas are also to be restored once at \$1.20 and twice at \$1.35, then expanded in three increments of 1.4 million bags each, once when the 20-day moving average reaches \$1.50 per pound, a second when it remains at or above that level for 20 days, and a third when it reaches or exceeds \$1.55 per pound. There will be an automatic suspension of quotas if the indicator price remains above \$1.55 per pound for two consecutive periods of 20 market days. The Executive Board will meet as soon as possible after both the second and third increases to review the market situation and establish criteria for any distribution of shortfalls resulting from the increases.

Any increases or decreases in the global quota made under the provisions of the agreement will be applied to the extent possible during the quarter in which they occur but not more than two cuts or release can be applied in the same quarter.

Seventy percent of the annual quota for 1980/81 will be fixed based on exports during coffee years 1976/77 and 1977/78, and 30 percent will be variable based on stocks.

Because their current level of production and stocks fell below their export entitlements, Brazil and Angola declared shortfalls of 2,970,000 and 2,236,000 bags, respectively and also waived claim to any additional quotas to which they would be entitled. Further shortfalls of 500,000 bags for Brazil, 600,000 bags for Angola, and 976,000 bags for Uganda have also been declared provided that:

(a) The three members shall be exempt from cuts in quotas up to the limit of the conditionally declared shortfalls;

(b) In respect to Angola and Uganda, up to the total volume of the shortfall, or the balance remaining if cuts in quotas have previously taken place, shall be released:

(i) If the 20-day moving average of the composite indicator price is above US\$1.20 per pound, and

(ii) The members concerned present to the Executive Director acceptable evidence that they are able to export the quantity of coffee corresponding to the conditionally declared shortfall;

(c) Brazil shall have priority in participation in the redistribution of shortfalls that might be made by other members up to the amount of its declared shortfall or the balance remaining, if cuts in quotas have previously taken place. Members that declare shortfalls are entitled to increases in their annual quotas for the succeeding coffee year of 30 percent of the volume declared and not exported, including the conditionally declared shortfalls by Angola, Brazil, and Uganda.

Countries exempt from basic quotas were believed to have shortfalls in their export entitlements totalling 600,000 bags. Export stamps corresponding to the volume of these assumed shortfalls will be released to

members after presentation to the Executive Director of acceptable evidence that they have sufficient coffee available for export. Annual quotas for the 43 exporting members of the International Coffee Organization after total shortfalls of 7.9 million bags have been redistributed among other exporting members having a basic quota are shown in table 6.

Other provisions of the draft resolution concerned entry into force of control measures established to insure compliance with the quotas. Most countries will be able to meet the deadline of November 1 set for implementation of a mandatory compliance control system. Those countries, such as the United States, where implementing legislation requires Congressional approval, must notify the Executive Director of the date on which they expect to implement the system and also undertake a variety of interim control measures. Congressional legislation should now be easier to obtain from the U.S. Congress since in exchange for an acceptable quota agreement, the eight-member Bogota Group of Latin American Coffee producers will phase out the market activities of its trading arm, Pancafe, over the next year. Liquidation of Pancafe's coffee stocks, estimated at 1.5-2.0 million bags by some sources, is likely to have a negative effect on prices since they are additional to the annual ICO quotas.

U.S. Imports

U.S. imports of green coffee in August reached 1.39 million bags, valued at \$3.02 million, bringing total imports for January-August 1980 to 12.6 million bags valued at \$2.8 billion. This is up only 3.13 percent in quantity but 20.9 percent in value from year-earlier levels. The unit import value for August was \$1.69 per pound, compared with \$1.79 per pound for August 1979.

Based on January-June 1980 data, U.S. imports of green coffee from Brazil were above year-earlier levels by 47.1 percent, or 480,000 bags, while imports from Africa and Asia were up 430,000 bags, or 18.7 percent. Imports from Colombia remained unchanged at 2.15 million bags while quantities coming from Mexico and Central America were 27.1 percent, or 920,000 bags, lower than in 1979.

According to Bureau of Census data, U.S. roastings of green coffee during January-June 1980 totalled 8,320,000 bags, compared with 8,984,000 bags for the first half of 1979. Calendar 1979 roastings of 17,005,000 bags were 4 percent above total roastings in 1978. U.S. inventories of green coffee held by roasters, importers, and dealers on June 30, 1980 were 2,907,000 bags, down slightly from the 2,918,000-bag level as of March 31, but up 21 percent from inventories of 2,405,000 bags held on June 30, 1979.

Based on Bureau of Labor statistics, the wholesale price of a 1-pound can of roasted coffee during September 1980 averaged \$2.84, down from \$3.05-1 year earlier. Wholesale prices for a 6-ounce jar of instant coffee also declined from \$2.99 in September 1979 to \$2.87 for the same month this year.

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TABLE 1-- COFFEE, GREEN: TOTAL PRODUCTION IN SPECIFIED COUNTRIES - AVERAGE 1971/72-1975/76, ANNUAL 1976/77-1980/81 ^{1/}
(IN THOUSANDS OF 60 KILOGRAM BAGS) ^{2/}

REGION AND COUNTRY	AVERAGE 1971/72-1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
NORTH AMERICA:						
COSTA RICA.....	1,413	1,331	1,449	1,749	1,507	1,880
CUBA.....	460	450	425	450	450	450
DOMINICAN REPUBLIC.....	862	728	1,025	787	700	1,000
EL SALVADOR.....	2,644	2,973	2,400	3,186	2,530	2,100
GUATEMALA.....	2,203	2,213	2,541	2,827	2,647	2,600
HAITI.....	577	486	519	443	655	555
HONDURAS.....	731	691	1,036	1,132	1,250	1,312
JAMAICA.....	26	17	23	14	35	24
MEXICO.....	3,784	3,330	3,500	4,141	3,610	3,700
NICARAGUA.....	693	852	967	1,004	856	975
PANAMA.....	77	78	105	105	94	100
TRINIDAD-TOBAGO.....	48	60	41	39	38	36
US-HAWAII.....	16	13	14	10	11	11
US-PUERTO RICO.....	195	145	199	159	183	200
TOTAL NORTH AMERICA.....	13,727	13,367	14,244	16,046	14,566	14,943
SOUTH AMERICA:						
BOLIVIA.....	99	103	118	122	137	141
BRAZIL.....	22,780	9,300	17,500	20,000	22,000	21,500
COLOMBIA.....	8,220	9,300	11,050	12,600	12,300	12,400
ECUADOR ^{3/}	1,141	1,690	1,238	1,822	1,474	1,485
GUYANA.....	13	17	17	17	18	19
PARAGUAY.....	97	41	71	144	41	75
PERU.....	1,027	947	1,050	1,100	1,265	1,100
VENEZUELA.....	975	656	1,061	1,019	997	1,150
TOTAL SOUTH AMERICA.....	34,352	22,059	32,105	36,824	38,240	37,870
AFRICA:						
ANGOLA.....	3,205	1,131	1,247	613	700	400
BENIN.....	29	17	3	3	5	5
BURUNDI.....	373	359	285	387	466	333
CAMEROON.....	1,494	1,307	1,371	1,627	1,600	1,500
CENTRAL AFRICAN EMPIRE.....	173	166	165	80	215	180
CONGO, BRAZZAVILLE.....	16	33	46	107	70	75
EQUATORIAL GUINEA.....	107	90	80	90	100	100
ETHIOPIA.....	2,431	2,782	3,143	3,142	2,963	3,100
GABON.....	7	7	3	6	8	8
GHANA.....	63	70	35	21	35	30
GUINEA.....	59	39	16	60	50	50
IVORY COAST.....	4,534	4,867	3,320	4,667	3,917	4,166
KENYA.....	1,171	1,687	1,417	1,239	1,425	1,167
LIBERIA.....	80	156	137	133	150	140
MADAGASCAR.....	1,119	984	1,292	726	1,200	1,166
NIGERIA.....	51	53	43	40	60	50
RWANDA.....	361	531	362	311	501	300
SIERRA LEONE.....	111	168	77	282	133	180
TANZANIA.....	884	805	835	856	708	916
Togo.....	159	177	82	109	150	160
UGANDA.....	3,175	2,664	1,868	1,615	2,200	2,500
ZAIRE (CONGO,K).....	1,355	1,437	1,279	1,300	1,400	1,400
TOTAL AFRICA.....	20,955	19,530	17,106	17,414	18,056	17,926
ASIA:						
INDIA.....	1,506	1,753	2,133	1,949	2,411	2,300
INDONESIA.....	2,549	3,219	3,308	4,586	5,024	5,239
MALAYSIA.....	98	125	122	137	140	143
PHILIPPINES.....	483	550	575	600	690	750
PORTUGUESE TIMOR.....	68	65	75	4/	4/	4/
VIETNAM.....	56	60	65	70	70	70
YEMEN, ARAB REP.....	49	45	50	50	50	50
TOTAL ASIA.....	4,829	5,817	6,328	7,392	8,385	8,552
OCEANIA:						
NEW CALEDONIA.....	26	25	25	25	25	25
PAPUA NEW GUINEA.....	593	700	674	730	830	780
TOTAL OCEANIA.....	619	725	699	755	855	805
WORLD TOTAL.....	74,482	61,497	70,482	78,431	80,102	80,096

-- Denotes negligible, unknown, or not available.

^{1/} Coffee marketing year begins about July in some countries and in others about October. ^{2/} 132.276 pounds. ^{3/} As indicated in footnote 1, the coffee marketing year begins in some countries as early as July. Ecuador is one of these countries. Hence, the crop harvested principally during June-October 1980 in that country is shown as production for the 1980/81 marketing year. In Ecuador, however, this is referred to as the 1979/80 crop. ^{4/} Beginning 1978/79 included in Indonesia.

NOTE: Production estimates for some countries include cross-border movements. Also, due to rounding, country totals may not add to area and world totals.

Source: Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of U.S. Agricultural Attaches and Foreign Service Officers, results of office research, and related information.

TABLE 2-COFFEE, GREEN; EXPORTABLE PRODUCTION UNSPECIFIED COUNTRIES - AVERAGE 1971/72-1975/76, ANNUAL 1976/77-1980/81 1/
(IN THOUSANDS OF KILOGRAM BAGS) 2/

REGION AND COUNTRY	AVERAGE 1971/72-1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
NORTH AMERICA:						
COSTA RICA.....	1,255	1,147	1,264	1,533	1,297	1,660
CUBA.....	--	--	--	--	--	--
DOMINICAN REPUBLIC.....	577	482	755	507	417	705
EL SALVADOR.....	2,472	2,788	2,210	2,991	2,330	1,900
GUATEMALA.....	1,931	1,915	2,236	2,517	2,332	2,276
HAITI.....	353	270	304	228	435	330
HONDURAS.....	632	587	929	1,028	1,142	1,200
JAMAICA.....	9	8	17	6	28	17
MEXICO.....	2,222	2,080	2,100	2,941	2,360	2,420
NICARAGUA.....	616	774	887	921	771	890
PANAMA.....	15	13	38	37	26	31
TRINIDAD-TOBAGO.....	36	45	27	25	23	20
US-HAWAII.....	--	--	--	--	--	--
US-PUERTO RICO.....	--	--	--	--	--	--
TOTAL NORTH AMERICA.....	10,119	10,109	10,767	12,734	11,161	11,449
SOUTH AMERICA:						
BOLIVIA.....	73	80	87	89	103	106
BRAZIL.....	15,114	1,800	10,000	12,000	14,000	13,500
COLOMBIA.....	6,806	7,900	9,500	10,970	10,550	10,575
ECUADOR 3/.....	990	1,515	1,043	1,619	1,263	1,265
GUYANA.....	--	--	--	--	--	--
PARAGUAY.....	74	15	45	117	18	47
PERU.....	787	697	800	850	1,015	850
VENEZUELA.....	290	189	271	179	134	258
TOTAL SOUTH AMERICA.....	24,133	12,196	21,746	25,824	27,083	26,601
AFRICA:						
ANGOLA.....	3,113	267	1,172	533	620	315
BENIN.....	28	16	2	2	4	4
BURUNDI.....	370	357	282	384	463	330
CAMEROON.....	1,467	1,281	1,344	1,599	1,570	1,470
CENTRAL AFRICAN EMPIRE.....	162	155	153	68	201	163
CONGO, BRAZZAVILLE.....	15	32	45	106	69	74
EQUATORIAL GUINEA.....	97	80	70	80	90	90
ETHIOPIA.....	1,056	1,049	1,354	1,342	1,130	1,250
GABON.....	6	6	2	5	7	7
GHANA.....	49	55	25	12	29	23
GUINEA.....	54	33	10	54	44	44
IVORY COAST.....	4,084	4,782	3,784	4,625	3,867	4,106
KENYA.....	1,147	1,644	1,367	1,181	1,369	1,108
LIBERIA.....	73	146	126	122	138	128
MAOAGASCAR.....	979	851	1,152	578	1,045	1,000
NIGERIA.....	8	--	--	--	--	--
RWANDA.....	359	529	360	309	499	298
SIERRA LEONE.....	106	163	72	277	128	175
TANZANIA.....	861	780	814	836	688	891
TOGO.....	158	176	81	108	149	159
UGANDA.....	3,151	2,634	1,838	1,585	2,170	2,470
ZAIRE (CONGO,K).....	1,216	1,270	1,104	1,120	1,210	1,205
TOTAL AFRICA.....	18,560	16,306	14,657	14,926	15,490	15,310
ASIA:						
INDIA.....	782	903	1,230	1,098	1,461	1,272
INDONESIA.....	1,605	2,579	2,586	3,802	4,224	4,399
MALAYSIA.....	8	39	--	--	--	--
PHILIPPINES.....	47	242	250	242	300	342
PORTUGUESE TIMOR.....	59	55	65	4/	4/	4/
VIETNAM.....	26	30	30	35	35	35
YEMEN, ARAB REP.....	39	35	40	40	40	40
TOTAL ASIA.....	2,566	3,883	4,201	5,217	6,060	6,088
OCEANIA:						
NEW CALEDONIA.....	16	15	14	14	14	14
PAPUA NEW GUINEA.....	582	685	659	717	816	766
TOTAL OCEANIA.....	598	700	673	731	830	780
WORLD TOTAL.....	55,976	43,195	52,044	59,432	60,624	60,228

--Denotes negligible, unknown, or available.

1/ Coffee marketing year begins about July in some countries and in others about October. Exportable production represents total harvested production minus estimated domestic consumption. 2/ 132,276 pounds. 3/ As indicated in footnote 1, the coffee marketing year begins in some countries as early as July. Ecuador is one of these countries. Hence, the crop harvested principally during June-October 1980 in that country is shown as production for the 1980/81 marketing year. In Ecuador, however, this is referred to as the 1979/80 crop. 4/ Beginning 1978/79 included in Indonesia.

NOTE: Production estimates for some countries include cross-border movements. Also, due to rounding, country totals may not add to area and world totals.

Source: Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of U.S. Agricultural Attaches and Foreign Service Officers, results of office research, and related information.

Table 3.--GREEN COFFEE: U.S. GROSS IMPORTS FOR CONSUMPTION BY MONTHS, 1976-1980
(In bags 1/)

Month/year	1976	1977	1978	1979	1980 <u>2/</u>
January.....	1,664,327	1,994,147	1,682,045	1,747,330	2,020,173
February.....	1,743,777	1,706,674	1,574,583	1,353,257	1,366,172
March.....	2,311,082	1,839,178	1,707,452	1,630,811	1,420,672
April.....	1,636,324	1,824,133	1,556,739	2,036,535	1,642,305
May.....	1,546,394	1,223,533	1,345,237	1,618,619	1,566,286
June.....	1,863,977	1,136,816	1,249,290	1,617,283	1,663,358
January-June.....	10,765,881	9,724,481	9,115,346	10,003,835	9,678,966
July.....	1,909,138	755,821	1,315,844	1,596,934	1,533,391
August.....	1,636,634	695,029	1,123,721	1,404,349	1,385,806
September.....	956,398	678,095	1,337,360	1,631,848	3/
October.....	1,012,923	635,077	1,901,294	1,273,073	3/
November.....	1,648,566	971,964	1,688,512	1,592,806	3/
December.....	1,858,301	1,347,223	1,650,700	1,893,238	3/
July-December.....	9,021,960	5,083,209	9,017,431	9,392,248	3/
Calendar year.....					
total.....	19,787,841	14,807,690	18,132,777	19,396,083	3/
July-June year					
total.....	21,462,741	18,746,441	14,198,555	19,021,266	19,071,214
ICO year.....					
total <u>4/</u>	19,938,313	16,373,216	15,846,535	19,877,472	3/

1/ 132.276 lbs. or 60 kilograms.

2/ Preliminary.

3/ Not available.

4/ Year ending September 30 of year shown. ICO is International Coffee Organization.

SOURCE: U.S. Department of Commerce, Bureau of Census.

October 1980

Commodity Programs, FAS, USDA

Table 4.--GREEN COFFEE: U.S. GROSS IMPORTS BY COUNTRY OR AREA OF ORIGIN

Area of origin	Average 1973-77	1978	1979	January-June 1979	1980 1/
	Mil.:Per- bags 2/:cent:bags	Mil.:Per- bags 2/:cent:bags	Mil.:Per- bags 2/:cent:bags	Mil.:Per- bags 2/:cent:bags	Mil.:Per- bags 2/:cent:bags
Brazil.....	3.33 17	2.69 15	1.89 10	1.02 10	1.50 15
Africa and Asia.....	6.90 36	5.88 32	4.88 25	2.30 23	2.73 28
Europe.....	.05 --	.01 --	.04 --	3/ --	.13 1
Mild coffees:					
Colombia.....	2.80 15	2.81 16	3.89 20	2.15 21	2.15 22
Other South America.....	1.26 7	2.17 12	2.50 13	.98 10	.51 5
Mexico and Central America:	4.23 22	4.02 22	5.61 29	3.39 34	2.47 26
Caribbean.....	.63 3	.55 3	.59 3	.16 2	.19 3
Total Milds.....	8.92 46	9.55 53	12.59 65	6.68 67	5.31 55
Total World.....	19.20 100	18.13 100	19.40 100	10.00 100	9.68 100

--Denotes not applicable.

1/ Preliminary. 2/ 132.276 lbs. or 60 kilograms. 3/ Less than 10,000 bags.

Compiled from U.S. Bureau of Census data.

October 1980

Commodity Programs, FAS, USDA

TABLE 5-- WORLD COFFEE SUPPLY AND DISTRIBUTION, 1960-1981

(IN 1,000 60-KG BAGS)

COUNTRY BY TIME PERIOD	BEGINNING STOCKS	PRODUCTION	IMPORTS	TOTAL SUPPLY DISTRIBUTN	DOMESTIC USE	EXPORTS			ENDING STOCKS
						BEANS	RSTD/GRND	SOLUBLE	TOTAL
WORLD TOTAL									
1960/61.....	58,806	65,374	215	124,395	16,270	42,846	63	92	43,003
1961/62.....	65,123	75,950	191	141,264	20,985	45,959	56	135	46,151
1962/63.....	74,128	67,787	162	142,077	14,591	46,778	42	123	46,946
1963/64.....	80,538	65,338	91	145,967	17,524	50,883	69	118	51,070
1964/65.....	77,371	52,649	89	130,109	16,650	41,765	58	78	41,902
1965/66.....	71,556	82,153	144	153,853	17,697	49,669	37	257	49,965
1966/67.....	86,188	63,380	158	149,726	19,128	48,324	26	564	48,915
1967/68.....	81,684	70,877	155	152,716	17,950	54,935	55	741	55,732
1968/69.....	79,039	63,316	115	142,470	19,528	52,542	76	963	53,582
1969/70.....	69,360	69,713	181	139,254	18,789	53,875	84	1,161	55,119
1970/71.....	65,346	58,979	179	124,504	19,278	50,280	107	1,253	51,641
1971/72.....	53,588	73,679	211	127,478	18,951	56,431	258	1,589	58,279
1972/73.....	50,246	77,033	206	127,485	17,365	58,723	381	2,045	61,150
1973/74.....	48,974	66,115	288	115,377	19,028	58,080	163	2,149	60,391
1974/75.....	35,958	82,508	293	118,759	19,145	53,099	240	1,985	55,325
1975/76.....	44,288	73,075	245	117,608	18,780	56,748	394	2,164	59,309
1976/77.....	39,522	61,498	246	101,266	18,433	54,864	307	2,224	57,346
1977/78.....	25,487	70,482	290	96,259	18,566	47,110	176	893	48,176
1978/79.....	29,514	78,431	291	108,236	19,181	61,260	169	2,455	63,883
1979/80.....	25,172	80,102	294	105,568	19,624	58,574	136	2,598	61,307
1980/81.....	24,637	80,096	315	105,048	20,027	58,735	158	3,569	62,462

NOTE: TOTAL MAY NOT ADD BECAUSE OF ROUNDING, -- DENOTES UNAVAILABLE, NEGLIGIBLE, OR ZERO

OCTOBER 1980

HORTICULTURAL AND TROPICAL PRODUCTS DIVISION
COMMODITY PROGRAMS, FAS, USDA

Table 6.--ICO EXPORT QUOTAS FOR COFFEE YEAR BEGINNING OCTOBER 1, 1980 ^{1/}
(60 kilo bags)

<u>Members entitled to a basic quota</u>	<u>Amount</u>	<u>Members exempt from basic quotas</u>	<u>Amount</u>
<u>Colombian Milds</u>		Gabon	7,500
Colombia	9,700,000	Jamaica	16,000
Kenya	1,300,000	Congo	35,000
Tanzania	800,000	Malawi	32,500
		Panama	57,400
<u>Other Milds</u>		Benin	45,000
Costa Rica	1,500,000	Bolivia	102,200
Dom. Rep.	470,000	Ghana	33,333
Ecuador	1,300,000	Trinidad and Tob.	36,500
El Salvador	2,300,000	Nigeria	98,000
Guatemala	2,100,000	Paraguay	30,000
Honduras	1,100,000	Liberia	120,000
India	1,100,000	Guinea	133,333
Mexico	2,200,000	Sierra Leone	175,000
Nicaragua	800,000	Central African Rep.	204,167
Pap New Guinea	700,000	Togo	270,000
Peru	900,000	Rwanda	360,000
		Venezuela	311,333
<u>Unwashed Arabicas</u>		Burundi	400,000
Brazil	14,500,000	Haiti	400,000
Ethiopia	1,400,000		
		Sub Total	2,300,000
<u>Robustas</u>		Total	57,370,000
Angola	400,000		
Indonesia	3,200,000		
OAMCAF	6,100,000		
Cameroon	1,600,000		
Ivory Coast			
Madagascar			
Uganda	2,000,000		
Zaire	1,200,000		
Sub Total	55,070,000		

^{1/} Due to rounding the totals may not always reflect the sum of their components.

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